

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

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R 121407Z AUG 76

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 4346

USDA/FAS/WASHDC

INFO AMEMBASSY BUENOS AIRES

AMEMBASSY MONTEVIDEO

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E.O. 11652: N/A

TAGS: ETRD, EPAP

SUBJECT: VENEZUELAN PURCHASE OF ARGENTINE GRAINS

REF: (A) CARACAS 560, (B) CARACAS 12618, (C) BUENOS AIRES 5190

1. VENEZUELA PURCHASED 50,000 METRIC TONS OF ARGENTINE WHEAT AT \$139.00 PER TON, FOB 50,000 TONS OF CORN AT \$119.50 AND 50,000 TONS SORGHUM AT \$101.00, ALL FOR AUGUST/SEPTEMBER SHIPMENT. FREIGHT REPORTEDLY AT \$18 PER TON. SALES ARE PART OF NON-BINDING GOVERNMENT-TO-GOVERNMENT AGREEMENT INVOLVING OVERALL PURCHASE OF 200,000 TONS OF WHEAT, 100,000 OF CORN, AND 100,000 OF SORGHUM FROM ARGENTINA, POSSIBLY IN EXCHANGE FOR VENEZUELAN IRON ORE. WITH CONCLUSION OF LAST ROUND OF PURCHASES, HALF OF AGREEMENT NOW CONTRACTED.

2. BEGIN LOU. LOCAL TRADE OFFICIALS WERE APPARENTLY NOT INFORMED OF RECENT ROUND OF NEGOTIATIONS AND VENEZUELAN MILLERS ARE STILL AGAINST SWITCH TO NON-U.S. WHAT SUPPLIES. NONETHELESS, TRADE REPORTS RUMORS OF FURTHER GOV TALKS WITH NATIONAL GRAIN BOARD FOR PURCHASE OF

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ANOTHER 100,000 TONS ARGENTINE WHEAT. ALTHOUGH ARGENTINE

WHEAT HAS LOWER PROTEIN THAN DNS, PROTEIN HIGHER THAN
HRW. MILLING QUALITY OF LAST 8,000 TONS OF ARGENTINE
WHEAT DELIVERED ON JUNE 22 GOOD; BAKING QUALITY ALSO
GOOD. ARGENTINE WHEAT BEING SHIPPED FROM SOUTHERN PORTS
WHERE WHEAT IN SURROUNDING REGIONS REPORTEDLY OF BETTER
QUALITY.

3. COMMENT. STILL OF OPINION THAT VENEZUELAN GRAIN
PURCHASE NOT ENTIRELY RETALIATION TO PROMULGATION OF GSP
LIST AND VENEZUELA'S EXCLUSION UNDER U.S. TRADE ACT.
HOWEVER, THIS MAY HAVE PARTIALLY PROMPTED GOV TO HASTEN
EFFORTS TO DIVERSIFY ITS SOURCES FOR FOOD IMPORTS. AS
PER REF A, OTHER IMPORTANT U.S. AGRICULTURAL AND INDUSTRIAL
TRADE ITEMS COULD ALSO BE AFFECTED. ALL OF ABOVE INFO
TOO SENSITIVE FOR PUBLIC RELEASE, BUT GPW/CARACAS OF
SAME OPINION AND WISHES ITS WASHINGTON OFFICE TO
BE ADVISED. END LOU
VAKY

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